

## Article

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### "The Industrial Relations Implications of Privatization: The Case of Canada Post"

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# *The Industrial Relations Implications of Privatization*

## *The Case of Canada Post*

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*In February 1997, Canada Post privatized its ad-mail services and in the process terminated 10,000 Canadian Union of Postal Workers. These events became a part of the central driving force which derailed contract negotiations and led to the November 1997 postal strike. The purpose of this article is to expose the process and consequences of this major event in the industrial relations of Canada Post; to examine the role and positions of the three major institutions involved — the government, the corporation (Canada Post) and the Canadian Union of Postal Workers (CUPW), and to explore the implications of privatization with regards to industrial relations in Canada Post. The article also documents the fate of the 10,000 workers through a survey of their status six months after the privatization.*

Following the successive waves of privatization that rocked industrial relations in both Great Britain under Thatcher, and the United States under Reagan, public policy in Canada has also become more accepting and less vocally opposed to privatization (Campbell 1994). Such a shift in policy has had a necessary impact on the industrial relations within Canadian institutions.

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This article examines the events leading to the termination of 10,000 Canadian Union of Postal Workers when Canada Post privatized its ad-mail services in February 1997. It also illustrates how these events became a part of the central driving force which derailed contract negotiations and led to the November 1997 postal strike. The purpose is to expose the process and consequences of this major event in the industrial relations of Canada Post; to examine the role and positions of the three major institutions involved — the government, the corporation (Canada Post) and the Canadian Union of Postal Workers (CUPW); and to explore the implications of privatization with regards to industrial relations in Canada Post.

There are few institutions in the Canadian public sector that have experienced a more turbulent history of industrial relations than Canada Post (Campbell 1994). Perhaps the important role that the corporation plays in the business and personal lives of Canadians makes the disputes between CUPW and Canada Post more significant, but most Canadians have come to think of the post office as an institution in constant conflict. There have however, been steps taken over the last decades which have been aimed at smoothing over these contentious relations. For example, the government hoped that industrial relations would improve with the creation of more “business-like” postal corporation and the amalgamation of the old Letter Carriers Union (LCUC) and the inside postal workers (CUPW).<sup>1</sup> Indeed, over the past few years there have been more negotiated settlements and fewer strikes than in earlier periods. However, in the fall of 1997, another contract disagreement resulted in a CUPW decision to strike. This study examines the events that were critical in creating this breakdown in union-management relations.

The decision to privatize the ad-mail service is reviewed by examining government, union, and private archive material, documents and submissions to the Radwanski Commission and the media (see citations and bibliography). The major stakeholders’ reactions to the termination of the unionized jobs are provided by presenting data gathered through interviews, the media and Hansard and archive records.

The article also reports on a tracking survey completed on ad-mail workers which was conducted to determine the outcome of privatization on the workers who were laid off by the decision. A sample of 1160 people was randomly selected from the population of ad-mail workers active at Canada Post on the day of layoff/termination, January 31, 1997. A telephone

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1. This was complex. Canada Post submitted a request to the CLRB which resulted in the amalgamation of the Letter Carriers Union (LCUC) and Canadian Union of Postal Workers (CUPW). Many thought it was done in the hopes that the LCUC would represent the workers, not the CUPW. However, CUPW won the representation vote.

interview survey was conducted between July 13 and August 5, 1997, which resulted in 1032 valid cases, an 88.9% response rate. The timing of the survey was aimed at capturing the status of the respondents at the six-month mark since termination. The random sample was selected after the population had been stratified by province and respondents were allowed to choose an interview in either French or English. The survey was not commissioned by the Canadian Union of Postal Workers, but the union provided research funds under protocols similar to academic funding agencies such as Social Sciences and Humanities Research Council of Canada (SSHRC). Other funds and support were provided through grants from The Agnes Dark Fund (University of Western Ontario), SSHRC and York University's Centre for Research on Work and Society. Finally, the article draws some tentative conclusions.

### ***BACKGROUND***

On October 8, 1996, two months after the Radwanski Report concerning Canada Post was submitted, the Minister responsible, Diane Marleau, provided the government's response: Canada Post was to exit the economy ad-mail business, at the cost of some 10,000 unionized jobs. The Canadian Union of Postal Workers (CUPW), which represented Canada Post's ad-mail workforce, argued that the government's decision was irresponsible given Canada's high unemployment rates. Union officers felt that those workers who lost their jobs would be forced to rely on unemployment insurance or social assistance (CUPW 1996a: 123). They considered it "...an attack on the members of CUPW and a clear challenge to the union" (Bourke 1997). In reply, Marleau stated that the social impact on the ad-mail workers would be negligible, arguing that CUPW members would find work at equal or better wages (Marleau 1997a).

The union was skeptical of Marleau's claims that adjustment for the ad-mail workers would be "humane" and essentially painless. They questioned the government's claim that this adjustment would be facilitated by a mandated labour adjustment process to aid the workers in attaining comparable work at comparable pay (CUPW 1996b). This confrontation over the potential outcome of privatization was a major contributor to the strike which took place in the fall of 1997 (Bourke 1998).

### ***The History of Ad-Mail***

"Ad-mail" is direct mail advertising and may include addressed or unaddressed forms of print advertising. Unaddressed ad-mail is most familiar to Canadians as "junk mail," but includes all of what was formerly

known as 3<sup>rd</sup> class mail. The “ad-mail” service began in 1978 following a Canada Post agreement with the Letter Carriers Union of Canada (LCUC), when the letter carriers were guaranteed the right to deliver “premium ad-mail” (addressed advertising) and Canada Post could establish a separate carrier force to deliver what it called economy ad-mail. LCUC agreed not to unionize this latter workforce.

After the Canadian government forced the amalgamation of LCUC and CUPW, the new CUPW moved to become the representative for the majority of the ad-mail delivery force, negotiating increased wages and benefits protection. These were the workers who lost their jobs to privatization. This article deals only with the workers who delivered unaddressed ad-mail and investigates reasons why the private sector wanted to take over the unaddressed ad-mail business.

Direct mail, including unaddressed ad-mail, is one component of a growth industry in marketing. Canadian Advertising Rates and Data (CARD) report that net advertising revenues in “other print” (all ad-mail) increased from \$646 million to \$2.32 billion between 1979 and 1995, a jump of 259% (CARD 1996: 6). In the newspaper business, competition was stiff but still profitable during this period. Daily newspapers increased their net revenues from advertising, including classified ads, by 133% (CARD 1996: 6). However, the nature of newspaper advertising was changing. Run-of-press advertising in newspapers (placed advertisements) had been declining with advertisers increasingly relying on flyers, which could be delivered either as inserts in newspapers or by other carriers.<sup>2</sup> There is a great deal of competition in the market place for this business. Newspapers were very interested in securing the revenue attached to ad-mail distribution and Canada Post was one of the largest carriers of ad-mail in the country.

In 1995, Canada Post’s competitors demanded an inquiry into Canada Post and as a result the Liberal government set up the Radwanski Review. The Review heard from a number of the post office’s competitors in the ad-mail field who accused Canada Post of aggressively marketing its economy ad-mail service to win customers away from newspapers and private delivery services. While evidence of such activity was merely

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2. Between 1988 and 1995, the total ad-mail and advertising flyer business increased (in dollar figures) by 40.4%, which represented an increase in its proportion of the total market from 34 to 40.1%. Run-of-press refers to the advertising that is printed as part of the regular newspaper page. Run-of-press lost a corresponding market share during the same period (CARD 1993: 7–8, 1996: 8–9).

anecdotal, the Review panel and the Minister Responsible, Marleau, accepted the competition's arguments.<sup>3</sup>

With market segmentation and competition from other media, it is no surprise that Canada Post's competitors would seek to replace revenues from declining run-of-press advertising. Canada Post provided difficult competition. Aside from price competition, Canada Post had the advantage of a national infrastructure and extensive points of delivery. Despite the increasing concentration of the Canadian newspaper industry, few of Canada Post's competitors could hope for this kind of coverage. Canada Post also had a database which permitted targeting audiences by postal code (i.e., geographical area) and demographic criteria, such as information concerning average income. To be competitive, daily and community newspapers and flyer distribution companies in the national advertising market would have had to replicate this data.

According to *Media Digest*, national advertising represents approximately 30% (versus 70% for local) of the advertising in daily newspapers (Canadian Media Directors' Council 1993/94: 6, 1994/95: 7, 1995/96: 7, 1996/97: 11). Targeted delivery has become a priority for the daily newspapers. The more ad-mail business they capture, the more competitive and efficient they become. They seek to utilize their existing infrastructure by intensifying the work of the paper carriers, extending the delivery options to include unsubscribed households, extending their capacity to offer national distribution options, offering more value-added service by targeting delivery options to selected demographic groups and offering more differentiated services (Coopers and Lybrand Consulting 1995: 13–14). Canada Post's competitors wanted this important sector and they turned to the Radwanski Commission in order to get it.

### *The Radwanski Review: Guidelines and Proposals*

The Radwanski Review (Radwanski 1996: 133–134) was mandated to examine many issues including whether or not Canada Post's exclusive privilege should be adjusted or discontinued, whether or not the corporation should aim to generate a commercial return on equity or should it aim

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3. The evidence took the form of documenting declining revenues to advertising (CARD 1996: 22). It would seem that any accurate rendering of the actual costs of the loss of business by these competitors to Canada Post needed to — but did not — factor in losses due to declining circulation. Data provided in *Media Digest* shows that daily newspaper circulation declined by 7% between 1988 and 1995, and 8% from its peak in 1990 to 1995 (Canadian Media Directors' Council 1996: 26). Daily newspaper revenues declined by 3.3% between 1988 and 1995 and 12.4% from their peak circulation in 1990 to 1995. Any attribution of lost revenue to competition from Canada Post would be speculative.

to operate on a break-even basis, and whether the exclusive privilege for letters was being used to subsidize competitive products. The Review also examined a range of allegations, including the accusation that Canada Post competed unfairly by abusing its monopoly position and statutory provisions and exemptions.

The Radwanski Review concluded that Canada Post was “leveraging” its infrastructure, which meant that Canada Post could use its infrastructure for all its services to lower per unit costs. While this practice is central to all businesses, Radwanski felt that it gave the corporation “a pricing advantage over competitors” (Radwanski 1996: 47–48).

There was very little actual evidence of any cross subsidization practices in the material the Review examined. Even the Review’s Report acknowledged that “allegations that Canada Post is directly cross-funding its competitive products with revenues from the exclusive privilege can neither be definitively substantiated nor disproved” (Radwanski 1996: 44). Supporters of the Radwanski Review found the report incisive and to the point, while its critics found it inconsistent, since it criticized the corporate culture spawned by the demands on Canada Post to earn a commercial rate of return. Much of the report’s criticism was directed at Canada Post’s behaviour in the pursuit of revenues in the “competitive” sectors (Radwanski 1996: 44).

The Radwanski Review recommended what it called a “strategic repositioning” of Canada Post. It suggested that Canada Post should be required to ensure its financial self-sufficiency (Radwanski 1996: 16–17, 101–102) and recommended Canada Post’s withdrawal from “competitive services,” including the courier and ad-mail businesses (Radwanski 1996: 84–87). Mr. Radwanski stated in the report that these recommendations were based on the newspapers’ demands and the belief that if the private sector could provide this service, they should (Radwanski 1996: 27). Finally the Review called for Canada Post to bring its labour costs under control and “into line with the realities of the contemporary Canadian workplace” (Radwanski 1996: 99).<sup>4</sup>

The Liberal Government announced that Canada Post would get out of the ad-mail business, but retain all other “commercial services.” The government also stated that there would be a review of report recommendations by TD Securities in order to assess the impact of the recommendations on Canada Post’s ability to sustain itself financially (Marleau 1996a).

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4. In its submissions to the Review, Canada Post had asserted that one of its “requirements” was the improvement of labour productivity by changes in work rules and the reduction of labour costs (Canada Post 1996a: 43–45). It claimed that “adopting industry norms” would save it at least \$200 million each year (Canada Post 1996a: 24). This clearly expressed a desire to achieve take-aways from postal workers.

### *Reaction to the Termination of 10,000 Jobs*

#### *CUPW*

From the outset, the Canadian Union of Postal Workers took the position that there was no benefit to Canada Post leaving the economy unaddressed ad-mail business and in fact it would be a tragedy for the 10,000 ad-mail workers if the corporation was forced to do so by the very newspapers which would benefit from subsidized mailing costs of their publications (CUPW 1996a: 123).

CUPW has maintained that Canada Post is more than a commercial venture limited to delivering the mail. Since the inception of the union's "Job Creation Through Service Expansion" campaign in 1982, CUPW has advocated a vision of Canada Post in which financial self-sufficiency is achieved by increasing the number of services the corporation provides and hence the revenue it receives. CUPW argues that such a policy would create well-paid, secure jobs and provide customer services. The union had opposed the notion that Canada Post should generate a commercial rate of return, arguing that this would be a preparatory phase for privatizing the post office outright, while limiting its scope as an instrument of public policy. The union also felt that this would only lead to a deterioration in service (CUPW 1996a: 3641, 4248).

CUPW saw ad-mail as a source of revenue for Canada Post, a service for customers and better quality jobs for ad-mail workers. The union argued that Canada Post, as a national, public institution, should play a leading role in providing jobs with better pay and conditions than could be found in the private sector (CUPW 1996a: 14-15). In 1992, CUPW negotiated the extension of ad-mail workers' protections to include safety and labour standards<sup>5</sup> to ensure employment standards and rates of pay unavailable to ad-mail workers in the private sector.<sup>6</sup> The union claimed that this employment would keep people off the welfare and unemployment rolls and actually fulfill the Liberal government's social policy commitment to provide jobs (Canadian Press Newswire 1996; CUPW 1996c).<sup>7</sup>

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5. Carriers employed by newspapers and private distributors would be covered by provincial employment standards acts and regulations, unless excluded.

6. According to CUPW Kitchener local's submission to the Mandate Review, private sector carrier wages ranged from one-quarter to one-half those paid to Canada Post's economy ad-mail workers.

7. In the spring of 1997, the CUPW canvassed its locals and found that in a majority of cases youth carriers were getting the work not the older former employees.



The privatization of the 10,000 jobs “struck the union hard... it was a direct betrayal of many of the promises and assurances we had from the Corporation and the Government... It soured the whole atmosphere and all negotiations” (Bourke 1997). The union’s position was in clear opposition to the more neo-liberal trends of the 1990s and espoused a more Keynesian state interventionist role. CUPW wished to maintain union membership and the quality of working life for its members, while using public sector employment standards as a positive impetus for improving private sector practices. The union wanted to slow or reverse the trends to privatization and CUPW was challenged on all fronts for its program. The response from business and sections of the public has been unfavourable.

### *Canada Post Corporation*

Canada Post’s rather different vision of its public and social policy role lies at the root of this conflict. In its own submissions to the Radwanski Review, Canada Post identified universal service at uniform prices for lettermail as its public policy mandate (Canada Post 1996a: 10–11, 1996b: 4–5). In contrast to CUPW, the corporation argued that a commercial rate of return was necessary for the provision of a universal service (Canada Post 1996a: 40–43, 1996b: 2–3). More immediately however, Canada Post insisted that its “competitive” services were necessary to support its lettermail service. As lettermail volumes declined relative to Canada’s population and the number of points of delivery, the Corporation sought to fill the gap by expanding the volumes of other types of mail (Coopers and Lybrand Consulting 1995: 2). While Canada Post did defend its right to keep ad-mail, the defence was less than vigorous. The corporation was really afraid of losing the courier service and other more lucrative involvements. Ad-mail generated only a small profit and Canada Post reasoned that its sacrifice might save the other competitive services which generated more revenue for the corporation. Canada Post did not anticipate the union’s vigorous opposition to the lay off. There are indications that Canada Post believed that there would be minimal implications for its industrial relations with CUPW.

### *The Liberal Government*

When in opposition, the Liberal Party had opposed the Tory agenda for Canada Post (House of Commons... Operations 1990: 70). It objected both to the privatization of Canada Post and to the plan to make the corporation perform financially as if it was part of the private sector. The Liberals argued that this agenda would have an adverse impact on workers, provide a private sector windfall and contradict the Liberal axiom that “*essential public services belong in public hands*” (*Ibid.* 76–77, emphasis added).

The Liberals had stated that "the most logical way for Canada Post to reduce its deficit [was] to generate additional revenues through new marketing techniques. This [was] the only way to ensure long-term quality services to Canadian taxpayers" (*Ibid.* 80). There was then, a striking parallel between CUPW and the Liberal government's position on the expansion of services and the role of Canada Post as an instrument of public and social policy. Once in power however, the Liberal government shifted its policy. In his 1995 budget address, Finance Minister Paul Martin stated, "The government is committed to privatizing and commercializing government operations wherever that is feasible and appropriate... If government doesn't need to run something, it shouldn't. And in the future, it won't" (Martin 1995).

On October 8, 1996, Diane Marleau announced that Canada Post would continue as a Crown corporation, but that "Canada Post [would] withdraw from the delivery of economy unaddressed ad-mail" (Marleau 1996a: 2). In addition, Canada Post was instructed to assess the impact of withdrawing from the premium forms of ad-mail delivered by the letter-carriers and to retain TD Securities to study the financial implications of the Radwanski Review's recommendations (*Ibid.*). This included the possibility of privatizing Canada Post.<sup>8</sup> However, when the Minister made her April 23, 1997 announcement, she stated that "Canada Post will not be privatized" (Marleau 1997b: 1). She also affirmed Canada Post's continued presence in competitive services, including premium ad-mail and the courier businesses, to ensure adequate financing for the lettermail segment and "to avoid a return to subsidies" (*Ibid.*).

The government's reasons for these and the other policy decisions are no doubt varied. They included concerns about the allegations of cross-subsidization and concessions to the private sector. But what contributed to the volatility and eventual strike, were the claims by the government that CUPW was wrong. The Minister claimed that the private sector would "pick up the slack" in terms of helping to employ ad-mail workers (Marleau 1996b). Indeed, according to the government, the private sector was going to create double the number of ad-mail jobs that were terminated in the public sector (Marleau 1997a). The Minister's claims were not based on any analysis, but on sources such as news articles, and were considered dubious at best (Canadian Press Newswire 1996).<sup>9</sup> Finally, the Minister

8. The government asked the TD Securities' reviewers to verify "if the withdrawal or partial or total elimination of CPC's competitive fields of activity is consistent with the objective of possibly privatizing Canada Post Corporation."

9. This article cites ad-mail distributors claiming "the 10,000 positions that were at Canada Post will become 20,000 in a month" (Canadian Press Newswire 1996). It should be noted, however, that the unemployment rate among ad-mail workers was more than 23.9% six months after their termination.

assured critics and skeptics that an adjustment programme would facilitate a transition to other employment for ad-mail workers.<sup>10</sup> "I am sympathetic to the fact that Canada Post employs a large number of Canadians in its economy unaddressed ad-mail service, and I have therefore asked the Corporation to implement its exit in a manner that minimizes the disruptions for these employees, as well as customers and suppliers" (Marleau 1996a: 1).

According to Stefan Ginder, Director of Workforce Management for Canada Post,<sup>11</sup> the corporation believed that the ad-mail workforce was made up of senior citizens and new Canadians, many of whom had little education or were not fluent in English. The corporation believed that ad-mail work was not the primary source of income for these people, but secondary or even tertiary. CUPW on the other hand always asserted that ad-mail work was the primary source of income for many ad-mail workers (CUPW 1996a: 125). Often the workers put multiple routes together to cobble a near full-time job. Canada Post evidently did not regard the ad-mail workers as a stable or reliable workforce. According to Ginder, the ad-mail workers were transient and not always available for work when called.

As will be seen from the results of the survey, the ad-mail workers did not match the profile indicated by Canada Post and the profile described by CUPW was substantially correct. Many had already worked for a considerable length of time for the corporation. They had a similar educational profile to the general population and nearly half relied exclusively on their ad-mail employment income. This difference between CUPW and Canada Post's view of the ad-mail workers was an important irritant in negotiations. CUPW was committed to represent the ad-mail workers and, in their local areas, there were ties between ad-mail workers and the regular CUPW union members that made this a personal issue for many. Canada Post's view of the workers infuriated the union (Bourke 1997).

## ***RESULTS OF THE TRACKING SURVEY***

### ***Methodology***

A random sample of 1160 people stratified by province was selected from the population of ad-mail workers active at Canada Post on the day

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10. Minister Marleau's pointed out to many letter inquiries that the transition was under the direction of a joint labour-management adjustment process (Marleau 1996c).

11. Telephone interview, July 11, 1997. The account of Canada Post's interpretation is taken from this interview.

of layoff/termination, January 31, 1997. A computer-assisted telephone interview (CATI) was conducted between July 13 and August 5, 1997, which resulted in 1032 valid cases, an 88.9% response rate. The timing of the survey was aimed at capturing the status of the respondents at the 6-month mark after termination. The interview was conducted in French or English, as requested by the respondent. Only results with significance levels  $> .01$  have been included (White, Janzen and Lipsig-Mumme 1997). Missing values less than .1% were allocated through "valid percent procedures" (SPSS), larger numbers are reported. Due to rounding, percentages may not equal 100. In the fall of 1997, our research team informed CUPW of our preliminary survey results as was agreed when the union gave us their assistance in contacting former members.

For the purposes of this article we will draw out the findings on only a few key questions, which had an impact on the different views of ad-mail workers held by CUPW and Canada Post. These included: who the workers were; whether or not they relied on the ad-mail income; whether or not ad-mail was the sole source of income; whether or not the ad-mail workers were able to find new employment and, if so, at what pay rate; and, finally, whether or not the negotiated labour adjustment program was successful for the ad-mail workers.

### ***The Survey Results***

#### ***Demographic Profile***

The purpose of the demographic questions was to obtain as accurately as possible a profile of the former ad-mail workers, including their age, where they lived, how long they had worked, number of children, income and other pertinent information. There were slightly fewer than 10,000 ad-mail workers when the jobs were terminated on January 31, 1997.

TABLE 1  
**Gender and Language of the Ad-Mail Workers**

<i>Gender/Sex (%)</i>		<i>First Language (%)</i>	
Male	541 (52.4%)	English	818 (79.3%)
Female	491 (47.6%)	French	214 (20.7%)
Total	1032 (100%)	Total	1032 (100%)

The largest proportion of the workers lived in Ontario (31.3%) and Quebec (24.3%), but employees lived in every province and territory. As

is indicated in Table 2, the data show that this was not an aged work force, but that the vast majority were adult.

TABLE 2  
Respondents Age to the Closest Year

<i>Age in Years</i>	<i>Percentage of Workers (Number)</i>
More than 50	19.3% (199)
40-49	32.7% (338)
30-39	20.6% (213)
20-29	17.2% (178)
Less than 20	9.9% (104)

The ad-mail worker is often incorrectly thought of as transient, leaving the job after a short period or dropping in and out of the job as other work develops. However, the former ad-mail workers had been involved with Canada Post for considerable lengths of time. More than 50% of the ad-mail workers had been employed with Canada Post for more than two years and 29.3% for more than three years.

TABLE 3  
Number of Months Worked as an Ad-Mail Worker

<i>Number of Months</i>	<i>Percentage of Workers (Number)</i>
1-12	24.0% (248)
13-24	22.0% (227)
25-36	24.7% (255)
37-48	10.5% (109)
49+	18.8% (193)

Given that these jobs were not extremely high paying and required off hours work schedules, the tenure in the job is quite stable. These were year round jobs for the ad-mail workers as is indicated by the 81.4% of respondents who had worked more than 40 weeks with Canada Post in the year prior to termination.

TABLE 4  
Weeks of Employment with Canada Post in the Year Prior to Termination

<i>Number of Weeks</i>	<i>Percentage of Workers (Number)</i>
Over 40	81.4% (839)
20-40	8.2% (85)
Less than 20	10.5% (107)

Although Canada Post generally did not offer ad-mail workers full-time employment, through the acquisition of multiple routes an employee could “construct” a nearly full-time job. These jobs were sometimes constructed on an individual basis and sometimes as a family. Nearly one in four (23.9%) of the ad-mail workers indicated that other family members delivered ad-mail.

TABLE 5  
**Were Other Members of your Family Working Delivering Ad-Mail?**

<i>Answer</i>	<i>Percentage of Workers (Number)</i>
Yes	23.9% (247)
No	75.3% (776)
Refused	0.8% (9)

While a substantial number (11.8%) of ad-mail workers declined to answer questions around hours of work, it can be seen that there are significant numbers of former employees who were working considerable hours, either alone or as members of family groups.

TABLE 6  
**Can You Estimate Your Family's Total Average Hours of Ad-Mail Work per Week**

<i>Total Average Hours per Week</i>	<i>Percentage of Workers (Number)</i>
Less than 10	19.3% (198)
10–25	39.1% (404)
More than 25	29.8% (308)
Refused to answer/do not know	11.8% (122)

Another indication of the centrality and importance of the ad-mail employment to these workers is how much they relied on the ad-mail income. Table 7 below indicates that just over 46.3% of the ad-mail workers relied on ad-mail as their sole source of income. The workers did not use their “ad-mail money” as “pin money” or simply to supplement to other jobs.

TABLE 7  
**Was Ad-Mail Delivery Your Only Source of Income at the Time of Termination**

<i>Source of Income</i>	<i>Percentage of Workers (Number)</i>
Sole income	46.3% (478)
Had other part-time jobs	53.7% (554)
Among part-time jobs ad-mail declared as most important	79% of the 53.7% that had other jobs (n = 438 of 554 respondents)

We can thus make the assumption, based upon the average tenure of employment and its importance in terms of family and individual income, that the ad-mail jobs were important to these workers and represented a central part of the work-life for most of them.

### *Employment Status After Six Months*

Respondents were asked to report their employment status and were provided with a wide range of options to choose from, including working full-time, part-time and whether or not they were unemployed, and a wide range of other categories, including part-time plus student, and unpaid categories (i.e., homemaker). This allowed us to propose both a best case and a worst case scenario for unemployment. Table 8 indicates the employment status of the former ad-mail workers surveyed.

TABLE 8  
Respondent's Employment Status at Time of Survey

<i>Employment Status</i>	<i>Percentage</i>	<i>Number</i>
Working Full-time	30.9%	319
Part-time only	19.5%	201
Part-time and Retired	0.3%	3
Part-time and Student	6.0%	62
Part-time and Homemaker	2.0%	21
Unemployed	23.9%	246
Retired	4.0%	41
Student	5.4%	56
Homemaker	7.8%	80
Refused	0.3%	3
Total		1032

A measure called the adjusted unemployment status, was constructed so that those who declared they were no longer looking for work, such as those who chose the category "homemakers," "retired" or "student," were not considered unemployed in the strictest sense.<sup>12</sup> Even under these broad

12. This scenario is an underestimation, because it does not take into account the proportion of those "at home" or "enrolling in school" who are doing so because they could not find work and left the labour market in frustration. We had asked questions about reasons behind the statuses and found in the qualitative data that a large proportion (86%) of those who ceased looking for employment did so involuntarily. However, it seemed prudent not to apportion the statuses "retired", "student" or "homemaker" using this potentially anecdotal data. If we had done so the unemployment rate would have been more than 32%.

criteria, the rate of unemployment remained at 23.9%, well over double the national average at the time.

Those who were hardest hit by the terminations were those who had relied on ad-mail for all their income. As Table 9 indicates, some 53.3% of those who relied on ad-mail for their entire income remained unemployed and this represents 25% of all the ad-mail workers; 26.6% of this same group has only found part-time work.

TABLE 9  
**Present Employment Status of Those Whose Sole Income  
Had Been Ad-Mail**

	<i>Presently Full-Time</i>	<i>Presently Part-Time</i>	<i>Retired, Student or Homemaker</i>	<i>Presently Not Working</i>
Yes, sole income was ad-mail	13.0% (n = 64)	26.6% (n = 127)	6.7% (n = 32)	53.3% (n = 255)
No, I had other income as well as ad-mail	44.2% (n = 245)	28.2% (n = 156)	6.5% (n = 36)	21.1% (n = 117)

Sig .005

#### *Employment Status by Sex and Language Group*

There were disproportionate levels of unemployment between men and women within language groups. Tables 10 and 11 indicate that the French speaking former ad-mail workers have an unemployment rate that is 2.3% higher than their English-speaking counterparts. Within language groups, women faced substantially higher rates of unemployment as a result of the termination, 22% greater among French-speaking women and 6.8% among English-speaking women respondents.

TABLE 10  
**Employment Status by Gender: French Speaking Ad-Mail Workers (n = 213)  
(Includes Voluntary and Involuntary Labour Market Withdrawal)**

<i>Employment Status</i>	<i>Male</i>	<i>Female</i>
Full-time	32.9% (48)	13.4% (9)
Part-time	33.6% (49)	31.3% (21)
Unemployed	33.6% (49)	55.2% (37)
Total	n = 146	n = 67

Sig .002



TABLE 11  
**Employment Status by Gender: English Speaking Ad-Mail Workers  
 (Includes Voluntary and Involuntary Labour Market Withdrawal)**

<i>Employment Status</i>	<i>Male</i>	<i>Female</i>
Full-time	41.4% (152)	26.2% (101)
Part-time	24.0% (88)	32.4% (125)
Unemployed	34.6% (127)	41.5% (160)
Total	n = 367	n = 386

Sig .000

*The Effects of Canada Post's Adjustment Program*

Based upon negotiations with the union, Canada Post had promised to set up a testing process where ad-mail workers could write a test and be placed on a temporary employment list from which they would have priority to work as temps for the post office. In our survey, several important points emerged. First, there seemed to be no relationship between acquiring temporary employment and passing the test. Only 9.2% of the ad-mail workers received any employment as temporaries. Of those who managed to secure employment from Canada Post, 15.5% had actually failed the exam and 38.9% of those who received work had not even written the exam.

TABLE 12  
**Relationship between Writing the Test and Getting Work Total (n = 1031)**

	<i>Wrote the Test (n = 263)</i>	<i>Did not Write the Test (n = 768)</i>
Got temporary work (n = 95)	58 (61.1%)	37 (38.9%)
Did not get work (n = 936)	205 (21.9%)	731 (78.1%)

Sig. .01

TABLE 13  
**Relationship between Getting Work and Exam Results (n = 263)**

	<i>Passed the Test</i>	<i>Failed the Test</i>
Got temporary work (n = 58)	49 (84.5%)	9 (15.5%)
Did not get work (n = 205)	95 (46.3%)	110 (53.7%)

*Observations from the Survey*

The results of the survey indicate that the union's profile and predictions concerning ad-mail workers corresponded most closely to the actual circumstances faced by the ad-mail workers. The union held that employment and adjustment would be difficult for its members and the market would not create better opportunities for the workers. CUPW questioned the government's claim that this adjustment would be facilitated by a mandated labour adjustment process to aid the workers in attaining comparable work at comparable pay (CUPW 1996b). Indeed, the adjustment program was far from successful and appears to have been mismanaged in whole or in part. The unemployment rate of the workers at the time of the survey was two and one half times the national average. Union fears and complaints over privatization were borne out to a significant degree by the data.

**THE LINKS BETWEEN THE PRIVATIZATION OF AD-MAIL AND THE 1997 STRIKE**

On November 19, 1997, the Canadian Union of Postal Workers called a nation wide strike which shut down the postal service. The major issues revolved around the drive for profits by Canada Post, a drive spawned by the Liberal government's demand that Canada Post maintain a commercial rate of profit. For the union, there were several issues addressed by the strike, only one of which concerned wages. The key issues were related to job security (Bourke 1998). Canada Post had placed a demand on the negotiating table for changes in the work rules for the letter carriers. The union reported in interviews "that the ad-mail firings, and work rules changes for letter carriers drove this off the rails... They [Canada Post] showed their true colours dismissing the ad-mail workers and we could see 4000 more jobs were up to be cut" (Bourke 1998). CUPW President Tingley put the union position succinctly, "Canada Post's real aim is dressing up the postal service for privatization which we have vowed to fight" (Geddes 1997: 5).

These issues and the stance of the union was intimately related to the ad-mail issue. The changes to letter carrier routes were designed to contribute to savings of 200 million dollars and the Canada Post management acknowledged that there would be positions lost. Management hit a snag when it asked the union to trust their guarantee "that no one would be laid off. People no longer needed will be reassigned" (Dunn 1997). The union leadership simply did not believe Canada Post, given the events that took place after the Radwanski Review. The ad-mail privatization was one key reason the union did not trust either the management or the government. The union was prepared to engage in this militant action because of the

experience with the termination of their ad-mail members (Bourke 1998). Darrell Tingley, CUPW President, told the press, "We will engage in a campaign of defiance against Canada Post, the Canadian Direct Marketing Association and the Federal Government" (Toulin 1997: 4).

The Direct Marketing Association advocated the legislation of CUPW back to work, which happened in early December. In the end, the direct marketers and newspapers were key beneficiaries of the privatization of ad-mail, since they could move their junk ad-mail, but the delivery of premium addressed junk mail, once delivered by letter carrier, had ground to a half.

### ***CONCLUSIONS***

In January 1997, more than 9500 people had their jobs terminated by Canada Post, with the support and even insistence of the Liberal government. The government decision to terminate the workers' jobs came as a result of pressure by large and medium sized newspaper/media groups. The private sector wanted the ad-mail market, because it was a vibrant, growing segment of advertising. It saw the economy ad-mail business as a means to increase revenues to the newspapers, because the ad-mail could be easily delivered using the pre-existing infrastructures.

The government's decision to launch the Radwanski Review in response to the private sector's challenge to Canada Post and the subsequent decision to terminate the ad-mail jobs with the corporation, was a major contributing factor to the breakdown of negotiations and eventual strike action in 1997. The union felt that it could not trust the judgement of either Canada Post or the government. CUPW saw the negotiations as part of a necessary and major effort to block a movement toward privatization. The ad-mail decision was a stage in the government movement toward more privatization. "We knew the situations with our members... they were not the transient workforce that Canada Post thought. We also knew that if they would make claims about them getting work and throw away the promises made we would see further privatization... further job loss" (Bourke 1997).

Both the corporation and government took the tack of implementing some aspects of the Radwanski report and ignoring other aspects. For example, they kept the "commercial profit" mandate, while at the same time privatizing the jobs in ad-mail. This was read, by the union, as a signal of future moves in the postal sector. Finance Minister Martin's position that "if the private sector could do it they should do it" was seen at the time of the strike to be the government's dominant position. The treatment of the ad-mail workers, even given their vulnerable position, meant,

to the union, that the social aspects of Liberal policy were gone and "that really meant we [CUPW] had no choice but to go to wall and take tough stands" (Bourke 1997). When CUPW entered into negotiations with Canada Post, the spectre of privatization of service was at the bargaining table. The union had just experienced a two and one half-year running battle with its employer over how the corporation was going to proceed into future (i.e., what the role and mandate would be for Canada Post).

When difficulties were confronted around job security and commitments for the future, CUPW perceived, based on recent experience, that spoken promises surrounding the maintenance of service and a commitment to employment could not be counted on. The break down of negotiations hinged on the union's perception that changes in work rules concerning letter carrier routes were going to cost the union thousands of jobs. The assurances by Canada Post that no further privatization of service was coming was not credible to the union, given the privatization of ad-mail and the consequences for the 10,000 ad-mail workers. In the words of a CUPW spokesperson, "We were committed to those people. We knew they were going to get a bad deal, there would be no jobs, a bleak future. The Corporation and Government showed their real side we had try and stop more of this" (Bourke 1998).

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## **RÉSUMÉ**

### **Les impacts de la privatisation sur les relations industrielles : l'expérience de Poste Canada**

En février 1997, Poste Canada a privatisé ses services de livraison d'imprimés publicitaires licenciant ainsi 10 000 membres du Syndicat des postiers du Canada (SPC). Ces événements ont contribué à envenimer les négociations collectives et ont mené au déclenchement d'une grève dans les postes en novembre 1997. Nous expliquons ici le processus et les conséquences de cet événement majeur sur les relations industrielles à Poste Canada. Nous examinons aussi le rôle et les positions des trois acteurs impliqués : le gouvernement, Poste Canada et le SPC. Finalement, nous commentons les impacts d'une telle privatisation sur les relations industrielles à Poste Canada. Nous avons également complété une enquête sur le statut de ces 10 000 licenciés six mois après la privatisation.

Peu d'institutions du secteur public canadien ont connu une histoire aussi turbulente de leurs relations industrielles que Poste Canada. On a cependant tenté, au cours des dernières décennies, de prendre les moyens nécessaires pour réduire les conflits. Par exemple, le gouvernement fédéral, souhaitant améliorer les relations industrielles, a créé une société des postes devant être plus « rentable » et a en quelque sorte forcé la fusion du syndicat des facteurs avec celui des postiers. Il y eut en effet moins de grèves et plus d'ententes négociées que dans les périodes précédentes. Cependant, un autre différend a mené, à l'automne 1997, à la décision du SPC de faire la grève. Nous soumettons ici que la décision de privatiser la livraison des imprimés publicitaires a été une variable importante dans ce bris des relations patronales-syndicales.

La livraison des imprimés publicitaires inclut différentes formes d'imprimés adressés ou non. Cette publicité non adressée est mieux connue des Canadiens sous le nom de « junk mail » et comprend tout ce qu'on appelait courrier de troisième classe auparavant.

Ce service a débuté en 1978 suite à une entente avec le syndicat des facteurs, entente qui leur garantissait le droit de livrer la publicité postale de première classe (adressée) alors que Poste Canada pouvait recourir à d'autres personnes pour livrer les imprimés publicitaires de classe économique. Le syndicat des facteurs a alors accepté de ne pas syndiquer ces autres personnes.

Les revenus nets de cette publicité postale ont cru de 646 millions \$ à 2,32 milliards \$ entre 1979 et 1995, un saut de 259 %. Alors que telle forme de publicité montrait un profit croissant, la publicité incluse dans les journaux connaissait une baisse de rendement. Les concurrents de Poste

Canada ont alors cherché à corriger cette situation et se sont attaqués à ce marché particulier de Poste Canada.

En 1995, ces mêmes concurrents ont demandé et obtenu du gouvernement libéral une enquête sur Poste Canada : l'enquête Radwanski. Les concurrents de Poste Canada dans ce marché particulier ont alors accusé Poste Canada d'une série d'infractions et de pratiques illégales qui faisaient mal au secteur privé.

Le 8 octobre 1996, la ministre responsable de Poste Canada, madame Diane Marleau a répondu au nom du gouvernement : Poste Canada se retirera du marché de la publicité postale au coût de quelque 10 000 postes d'employés syndiqués. Le SPC a alors crié à l'attaque de ses membres et à un défi évident au syndicat (Bourke 1997). En réplique, la ministre Marleau a prétendu que l'impact social pour les travailleurs touchés serait négligeable puisqu'ils trouveraient un autre emploi à salaire égal ou supérieur (Marleau 1997a).

Le SPC a prétendu que cette décision gouvernementale était irresponsable vu les hauts taux de chômage au Canada. Les représentants syndicaux étaient convaincus que ces travailleurs seraient forcés de recourir à l'assurance-chômage et à l'assistance sociale (CUPW 1996a : 123). Ils considéraient la publicité postale comme une source de revenus pour Poste Canada, un service aux clients et une source d'emplois de meilleure qualité pour les travailleurs. Ils ajoutaient que Poste Canada, une institution nationale publique, devait jouer un rôle de leader en fournissant des emplois mieux payés et avec de meilleures conditions que le pouvait le secteur privé. Il y eut donc confrontation sur les conséquences potentielles de telle privatisation, ce qui a contribué grandement au déclenchement de la grève à l'automne 1997 (Bourke 1998).

Le 19 novembre 1997, le SPC a déclaré une grève nationale paralysant le service postal. Plusieurs différends persistaient dont seulement un visait les salaires, les principaux portant sur la sécurité d'emploi (Bourke 1998). Poste Canada avait déposé une demande à la table de négociation pour apporter des changements aux règles concernant l'exécution du travail. Selon le syndicat : « les licenciements à la publicité postale et les modifications aux règles d'exécution du travail pour les postiers ont fait dérailler les négociations... Poste Canada a montré ses vraies couleurs en licenciant les travailleurs de la publicité postale et on peut entrevoir 4 000 autres pertes d'emploi » (Bourke 1998, notre traduction). Le président du syndicat, M. Tingley, a ainsi succinctement résumé la position syndicale : « Le véritable objectif de Poste Canada est de préparer le service postal à la privatisation, ce que nous avons juré de combattre » (notre traduction).

Ces différends et la position syndicale étaient entièrement reliés à la question des imprimés publicitaires. Quand les parties se sont rencontrées à la table de négociation, le spectre de la privatisation du service était présent. Le syndicat venait d'expérimenter une bataille de deux ans et demi avec l'employeur sur la vision du fonctionnement futur de Poste Canada.

Lorsque surgirent les difficultés eu égard à la sécurité d'emploi et aux engagements pour l'avenir, le SPC a perçu, vu son expérience, que les promesses verbales de l'employeur quant au maintien du service et des emplois ne pouvaient pas être crues. La rupture des négociations est survenue lorsque le syndicat a perçu que les changements voulus dans les règles concernant l'organisation du travail des facteurs allaient coûter des milliers d'emplois. Le syndicat n'a pas cru l'employeur lorsque celui-ci a prétendu qu'il n'y aurait plus de privatisation de service à l'avenir.

Cette privatisation a eu des conséquences sur les travailleurs de la publicité postale. Nous avons sélectionné au hasard un échantillon de 1 160 personnes, parmi la population de travailleurs de la publicité postale de Poste Canada, licenciées le 31 janvier 1997. Nous avons complété une enquête téléphonique entre le 13 juillet et le 5 août 1997. Les résultats de cette enquête démontrent que l'emploi et l'adaptation ont été difficiles pour ces anciens membres du SPC. Leur taux de chômage au moment de l'enquête était deux fois et demie plus élevé que la moyenne nationale et plusieurs d'entre eux se sont trouvés eux-mêmes des emplois à des niveaux de salaires plus bas. Le programme de transition mis sur pied par le gouvernement et Poste Canada semble avoir été un échec. Il y eut de plus grandes difficultés pour ceux qui comptaient le plus sur leur travail à la publicité postale. En outre, les femmes avec enfants et les francophones du Québec ont connu une part disproportionnée de difficultés. Les craintes et griefs du syndicat face à la privatisation ont été confirmés à un degré significatif par les données.